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AUG 6 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

August 6, 2001

VIA HAND DELIVERY

REDACTED -
For Public Inspection

Ms. Magalie Roman Salas
Secretary
Office of the Secretary
Federal Communications Commission
Room TW-B-204
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: Application by Verizon Pennsylvania Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization To Provide In-Region, InterLATA Services in Pennsylvania, CC Docket No. 01-138

Dear Ms. Salas:

This is the cover letter for Reply Comments for the Application by Verizon Pennsylvania Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization To Provide In-Region, InterLATA Services in Pennsylvania ("Reply Comments").

These Reply Comments contain confidential information. We are filing confidential and redacted versions of the Reply Comments.

1. The Reply Comments consist of (a) a stand-alone document entitled Reply Comments of Verizon Pennsylvania ("the Reply Brief"), and (b) supporting documentation. The supporting documentation is organized as follows:

No. of Copies rec'd 0+4
List ABCDE

a. Reply Appendix A includes reply declarations and attachments thereto in support of the Reply Brief; and

b. Reply Appendix B consists of Carrier-to-Carrier reports, which consists entirely of confidential and proprietary data, including CLEC proprietary data.

2. Specifically, we are herewith submitting for filing:

a. One original of only the portions of the Reply Comments that contain confidential information (in paper form, except for Reply Appendix B, which is being filed only on CD-ROM);

b. One original of the redacted Reply Comments;

c. Four copies of the redacted Reply Comments; and

d. One CD-ROM containing the redacted Reply Comments.

3. We are also tendering to you certain copies of this letter and of portions of the Reply Comments for date-stamping purposes. Please date-stamp and return these materials.

4. Under separate cover, we are submitting copies (redacted as appropriate) of the Reply Comments to Ms. Janice Myles, Policy and Program Planning Division, Common Carrier Bureau, Federal Communications Commission, Room 5-C-327, 455 12th Street, S.W., Washington, D.C. 20544. We are also submitting copies (redacted as appropriate) to the Department of Justice, to the Pennsylvania Public Commission, and to ITS (the Commission's copy contractor).

Thank you for your assistance in this matter. If you have any questions, please call me at 202-326-7959 or Steven McPherson at 703-974-2808.

Very truly yours,

Scott H. Angstreich

Encs.

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of	)	
	)	
Application by Verizon Pennsylvania Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization To Provide In-Region, InterLATA Services in Pennsylvania	))))))))	CC Docket No. 01-138

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August 6, 2001

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Appendix A: Reply Declarations

Volume 1. Tab A – Reply Declaration of Paul A. Lacouture and Virginia P. Ruesterholz (Competitive Checklist)

Tab B – Joint Reply Declaration of Kathleen McLean, Raymond Wierzbicki, and Catherine T. Webster (Operations Support Systems)

Tab C – Joint Reply Declaration of Catherine Bluvol and Sameer Kumar (Operations Support Systems)

Volume 2. Tab D – Joint Reply Declaration of Elaine M. Guerard, Julie A. Canny, and Marilyn C. DeVito (Performance Measurements)

Tab E – Joint Reply Declaration of Robert H. Gertner, Gustavo E. Bamberger, and Michael P. Bandow (Loop Performance Data)

Tab F – Reply Declaration of Daniel J. Whelan and Gary E. Sanford (Pricing)

Appendix B: Carrier-to-Carrier Reports
(Appendix B consists entirely of confidential and proprietary data, including CLEC proprietary data; this appendix is being filed only on CD-ROM.)

Eval. at 2, 4-6. In fact, by the time the Application was filed here, competing carriers already were using all three entry paths to serve some 14 percent of the lines in Verizon's service area – "greater than the level in New York and Massachusetts at the time applications for those states were filed." Id. at 4. Under these circumstances, the DOJ recognizes that Verizon is entitled to "a strong presumption that [its] markets have been opened." Id.

Moreover, the DOJ gives Verizon a clean bill of health on virtually every aspect of its performance, including on every issue that has been the subject of dispute in prior applications. The DOJ expresses only one limited concern involving the electronic carrier-to-carrier bills that Verizon provides to CLECs. But, even on this single issue, the DOJ notes only that it does not yet have sufficient information to determine whether the fixes implemented by Verizon resolve its concerns. As a result, while the DOJ does not fully endorse this Application, it expressly recognizes that "the Commission is likely to have further information prior to reaching a decision in this matter," and that "the Commission may be able to approve Verizon's application at the culmination of these proceedings." Id. at 3.

These reply comments make that showing. As an initial matter, the scope of the billing issue raised by the DOJ is exceedingly narrow. It does not concern the billing information that Verizon provides to CLECs so that they can bill their own customers. Rather, it relates only to the electronic bills that Verizon renders to CLECs so that it can get paid for the services that Verizon provides to them. As to these bills, the standard applied by this Commission is whether the bills allow CLECs a "meaningful opportunity to compete," a question that is readily answered by the extensive and increasing local entry in Pennsylvania.

Moreover, the simple fact is that the concerns raised by the DOJ have been addressed. Verizon now provides CLECs with the option of receiving an electronic bill in industry standard

INTRODUCTION AND SUMMARY

The facts on the ground show that local markets in Pennsylvania are unquestionably open to competition, and Verizon's Application to provide long distance in that State should be granted expeditiously.

Competitors in Pennsylvania serve approximately 1.1 million lines and are adding an average of more than 45,000 new lines each month. Competitors are serving customers using all three entry paths available under the 1996 Act, and now serve more than 650,000 lines through their own facilities, approximately 250,000 lines totally through unbundled network elements (UNE platforms), and more than 150,000 lines through resale. Moreover, approximately one-third of all competitive lines serve residential customers, and competitors are adding an average of more than 20,000 new residential lines each month.

These numbers by themselves prove that Verizon's local markets in Pennsylvania are open. As the Pennsylvania PUC found, "[t]he steadily increasing . . . number of facilities-based CLEC access lines clearly demonstrate that, in Pennsylvania, competition in the local telephone market continues to grow at a rapid pace and that the local telephone service market for both residential and business customers is irreversibly open." PUC Consultative Report at 21. Likewise, the PUC has affirmed unambiguously that Verizon "is meeting its section 271 obligations as to all 14 Checklist items." Id. at 2. The PUC conducted a "thorough and comprehensive investigation" of Verizon's compliance, which culminated in a consultative report that "provides an exhaustive analysis of each Checklist item." Id. at 1, 2. That report unequivocally "recommends that the FCC grant Verizon PA section 271 authority to offer in-region, long distance telephone service in Pennsylvania." Id. at 4.

In particular, the DOJ agrees that "[l]ocal markets in Pennsylvania show a substantial amount of competitive entry," and "a significant amount of that entry is facilities-based." DOJ format, in addition to the ability to receive a paper bill that has been subject to an independent third-party test by KPMG and found to be accurate. Likewise, the electronic bills themselves have been subject to an attestation audit by PricewaterhouseCoopers ("PwC"), which found that the bills can be analyzed using off-the-shelf software available at any office supply store, are internally consistent, and match the previously tested paper bills. And, to the extent parties here identify any continuing issues with the electronic bills, the disputes involve only a tiny fraction of the billed amounts (under one percent), and, under existing procedures, CLECs do not have to pay any disputed amounts until the disputes are resolved. Moreover, "to ensure continued focus on this issue" and to provide "strong incentives" for Verizon to maintain high levels of performance, the PUC has "chosen to adopt electronic billing metrics and remedies." PUC Consultative Report at 50 n.146, 103.

Of course, the very fact that the most significant issue in this proceeding concerns electronic billing – an issue that arises at the very end of the process, after CLECs have entered the market and are competing successfully – is telling evidence that Verizon's overall performance has been excellent. Indeed, Verizon's performance is excellent on every issue that has been the subject of dispute in prior applications. To the extent the comments express concerns, they do not demonstrate discriminatory performance by Verizon, especially in the context of Verizon's overall performance.

Although the DOJ and a few CLECs raise issues regarding the Performance Assurance Plan that the PUC designed and implemented, the PUC found that this Plan contains "self-executing remedies" under which Verizon "may face over $200 million per year in financial penalties," and creates "adequate financial incentives [for Verizon] to continue to meet its legal obligations." Id. at 3. In any event, while the PUC has concluded that its current Plan is adequate, it also is conducting an ongoing review in which it has adopted a presumption that it will move to a plan based on the New York Performance Assurance Plan. In that context, Verizon has proposed two alternate plans to the PUC that address the issues raised in the comments here, including one plan based closely on the New York Plan that the Commission has found on three separate occasions provides strong assurance that the local market will remain open after Verizon receives section 271 authorization. And, as the DOJ emphasizes, the PUC "has shown a commitment to implementing market-opening measures and has taken significant steps to introduce ongoing procedures designed to ensure that Pennsylvania consumers will continue to reap the benefits of entry in their state." DOJ Eval. at 2. Consequently, there is no basis for this Commission to supplant the judgment of the Pennsylvania PUC.

Finally, there is no dispute that Verizon's entry into the long distance business in New York has produced literally hundreds of millions of dollars of benefits for consumers in the form of increased local and long distance competition. And, as the Pennsylvania PUC, the Governor of Pennsylvania, and scores of civic organizations, businesses, and other citizens have urged, consumers in Pennsylvania are now entitled to the same benefits.

For all these reasons, the Commission should grant this Application expeditiously.

I. VERIZON SATISFIES THE REQUIREMENTS OF THE COMPETITIVE CHECKLIST.

Verizon demonstrated in its Application that it is providing access to each of the 14 checklist items using substantially the same processes and procedures that it uses in Massachusetts and New York, where the Commission found that Verizon satisfied the Act in all respects. Verizon also demonstrated that its performance in Pennsylvania is excellent across the board, including in those areas that were the subject of dispute in prior applications. The Pennsylvania PUC has confirmed all of this, verifying unambiguously that Verizon "is meeting its section 271 obligations as to all 14 Checklist items." PUC Consultative Report at 2.

The PUC's conclusion, based on its "thorough and comprehensive investigation," is entitled to maximum deference under this Commission's well-settled precedent. Id. at 1.[1] The PUC "has been extensively involved in implementing the section 271 statutory requirements almost immediately after passage of [the 1996 Act]." PUC Consultative Report at 1. Its "current investigation is the culmination of years of effort by the PAPUC, its staff, Verizon PA, and many

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[1] See, e.g., Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Service in the State of New York, Memorandum Opinion and Order, 15 FCC Rcd 3953, ¶ 51 (1999) ("New York Order") ("Given the 90-day statutory deadline to reach a decision on a section 271 application . . . where the state has conducted an exhaustive and rigorous investigation into the BOC's compliance with the checklist, we may give evidence submitted by the state substantial weight."); Application by SBC Communications Inc., et al., Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services In Texas, Memorandum Opinion and Order, 15 FCC Rcd 18354, ¶ 4 (2000) ("Texas Order") (according state commission decision "substantial weight based on the totality of its efforts and the extent of expertise it has developed on section 271 issues"); Application by BellSouth Corp., et al. Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services In Louisiana, Memorandum Opinion and Order, 13 FCC Rcd 6245, ¶ 9 (1998) ("First Louisiana Order") ("the Commission will consider carefully state determinations of fact that are supported by a detailed and extensive record"); Application of BellSouth Corp., et al. Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services In South Carolina, Memorandum Opinion and Order, 13 FCC Rcd 539, ¶ 29 (1997) ("South Carolina Order") (same).

interested parties," and "consisted of 24 days of technical conferences among PAPUC staff and various industry representatives, formal discovery, literally hundreds of PAPUC data requests and responses, more than 5,000 of pages of testimony and supporting documentation, and three days of en banc public hearing before the PAPUC Commissioners." Id. The PUC's "271 proceeding was open to all interested parties" and "focused on every aspect of Verizon PA's wholesale operations and service to CLECs." Id. at 1, 2. At the conclusion of this exhaustive investigation, "a PAPUC team of telecommunications engineers, financial analysts, accountants, and lawyers" prepared a report that "provides an exhaustive analysis of each Checklist item." Id. at 2. Based on all of this, the PUC's final consultative report concludes that "the record evidence presented on each of these issues supports a finding that Verizon PA is meeting its section 271 obligations as to all 14 Checklist items." Id.

The DOJ agrees in virtually all respects with the PUC's assessment, confirming that competitors have entered (and are entering) the local market in Pennsylvania in droves and that Verizon is therefore entitled to a strong presumption that its local markets are open. The sole exception is one narrow issue regarding Verizon's electronic carrier-to-carrier bills to CLECs. See DOJ Eval. at 2-3. But the PUC found, based on its own exhaustive investigation, that the recent measures Verizon has taken to provide timely and accurate electronic bills to CLECs "satisfy Verizon PA's checklist obligations." PUC Consultative Report at 103. And the DOJ expressly recognizes that it did not have the benefit of a full record to determine whether its concern has been addressed, and that the Commission may well determine that this Application should be granted based on the full record. See DOJ Eval. at 3. As explained below, any such concerns have, in fact, been resolved.

A. Billing.

The issue that draws the most attention from commenters – which accounts for almost one-quarter of the CLECs' filings and is the only checklist issue raised by the DOJ – concerns the electronic carrier bills that Verizon provides to CLECs in the Billing Output Specification ("BOS") Bill Data Tape ("BDT") format. But, as the PUC correctly found, based on its own exhaustive review of Verizon's billing process and performance, careful analysis of the full record demonstrates conclusively that Verizon satisfies its obligations under section 271. See PUC Consultative Report at 103.

As an initial matter, it is critical to put the sole issue here in context. The bills at issue here are *not* the bills that CLECs use to bill their own customers. On the contrary, the billing information that Verizon provides for that purpose is the usage data contained in the so-called daily usage files ("DUF"). And there is no serious dispute that Verizon's performance in providing those usage files is excellent.

Moreover, the electronic BOS BDT bill is *not* the only bill offered to CLECs that details the services that CLECs purchase from, and the amounts they owe to, Verizon. Instead, Verizon also offers CLECs paper and electronic versions of the "end user" formatted carrier bill, which is the same bill that Verizon offers to its retail customers and which is still the only bill requested by the majority of CLECs. And, of course, CLECs have their own records of what they purchase from Verizon that they can use for comparison purposes.

Nor is there any dispute that Verizon now offers CLECs the opportunity to elect the BOS BDT bill as their official bill of record, following several months during which Verizon took a number of steps to ensure that the bill is sufficiently reliable for that purpose. Indeed, while Verizon has implemented a manual adjustment process to ensure that the BOS BDT bill matches the paper "end user" formatted bill that was tested by KPMG, the necessary adjustments are now less than one percent of the bill.

Rather, the exceedingly narrow issue presented here is whether, under these circumstances, Verizon provides CLECs "with wholesale bills in a manner that gives competing carriers a meaningful opportunity to compete." Connecticut Order[2] App. D, ¶ 40. There is no question that Verizon satisfies this standard.

Indeed, the facts on the ground themselves prove that CLECs are able to compete in Pennsylvania. Competitors currently serve approximately 1.1 million lines in Pennsylvania and are adding an average of more than 45,000 new lines each month. These include some 250,000 UNE platform lines, approximately 180,000 stand-alone loops, and more than 150,000 resold lines. Residential competition is also strong, with CLECs serving a conservatively estimated 329,000 residential lines in Pennsylvania as of April 2001 – more, in absolute terms, than in any other state to receive section 271 approval – and at least 364,000 residential lines today, an increase of 11 percent in just two months. See Reply Cmts. Att. C. In fact, not only has no CLEC ever alleged that issues related to electronic carrier bills have impaired their ability to obtain new customers, but CLECs have also argued elsewhere that the Pennsylvania market is more open to competition than most other states.[3] In light of these facts, it is clear that any remaining issues that CLECs have with their electronic carrier bills have not denied them a meaningful opportunity to compete.

[2] Application of Verizon New York Inc., et al., for Authorization to Provide In-Region, InterLATA Services in Connecticut, Memorandum Opinion and Order, CC Docket No. 01-100, FCC 01-208 (rel. July 20, 2001).

[3] See, e.g., WorldCom Comments Massachusetts 271 Comments at 31, 33, CC Docket No. 00-176 (FCC filed Oct. 16, 2000); ASCENT Massachusetts 271 Comments at 5, CC Docket No. 00-176 (FCC filed Oct. 16, 2000); AT&T Massachusetts 271 Supplemental Comments at 18 n.25, CC Docket No. 01-9 (FCC filed Feb. 6, 2001).

While some commenters would have the Commission believe that Verizon rushed a defective carrier bill to market prematurely, nothing could be further from the truth. On the contrary, these claims simply ignore the history of this issue and the enormous efforts by Verizon to ensure that the BOS BDT bill is accurate and reliable.

To begin with, Verizon has always provided CLECs with a paper bill of record in the same "end user" format that Verizon uses for its own retail bills (a bill that is also available in electronic format). See McLean/Wierzbicki/Webster Reply Decl. ¶ 14; McLean/Wierzbicki/Webster Decl. ¶ 132. KPMG tested Verizon's paper bill over an 18-month period. Consistent with the "military-style" nature of that test, Verizon responded to issues that KPMG raised and implemented the necessary systems fixes. KPMG retested the enhanced systems and found that Verizon satisfied all aspects of the test. See McLean/Wierzbicki/Webster Reply Decl. ¶¶ 16-17.

In addition, in January 2000, Verizon also introduced electronic carrier bills in the BOS BDT format, which approximately 30 percent of CLECs now receive – although most of those CLECs receive it in addition to the "end user" formatted bills. See id. ¶ 18. Verizon has tracked issues with the BOS BDT bill since its introduction and, in conjunction with discussions with CLECs, implemented systems fixes and updates over several months to address issues that CLECs have raised. See id. ¶¶ 19-20. In April 2001, Verizon also implemented a manual review and balancing process for the BOS BDT bill, to ensure that the bill balances internally and matches the paper, "end user" formatted bill. See id. ¶ 22. With these systems and process improvements to the BOS BDT bill in place, on May 22, 2001, Verizon offered CLECs the opportunity to select the BOS BDT as their bill of record; five CLECs have done so for at least one account. See id. ¶ 21.

Verizon also engaged PwC to conduct an attestation review of actual CLEC BOS BDT bills. See id. ¶¶ 23-24; Bluvol/Kumar Reply Decl. ¶ 6. Using an off-the-shelf computer database program (Microsoft Access), PwC verified that those bills can be loaded, read, and audited for internal consistency, charge validation, and recalculation. See Bluvol/Kumar Decl. ¶¶ 41-45; Bluvol/Kumar Reply Decl. ¶ 8. Moreover, PwC determined that the BOS BDT bills not only matched the paper bills, but also contained as much, or more, detail than the paper bills and enabled CLECs both to validate the charges contained on the bills and to recalculate the amounts on the bill. See Bluvol/Kumar Decl. ¶¶ 36-40; Bluvol/Kumar Reply Decl. ¶¶ 6-7; McLean/Wierzbicki/Webster Reply Decl. ¶ 28. Finally, PwC confirmed that Verizon's OSS are able to meet foreseeable levels of CLEC demand for BOS BDT bills. See Bluvol/Kumar Decl. ¶¶ 46-48; McLean/Wierzbicki/Webster Reply Decl. ¶ 30.

Reviewing the evidence before it, the Pennsylvania PUC concluded that Verizon's provision of electronic bills to CLECs in the BOS BDT format "satisfie[s] this aspect of its OSS obligations for section 271 approval purposes." PUC Consultative Report at 103. In particular, the PUC found that Verizon "does now provide an electronic bill as the bill of record," and that it "has taken numerous steps to facilitate the availability of accurate electronic billing." Id. at 50 n.146, 102. For example, Verizon has implemented "modifications to the BOS-BDT formatted bills" to ensure they match the paper bills, and has developed "a manual review process for a minimum of three bill cycles to ensure that its processes have captured and corrected all issues." Id. at 103.

The various concerns that CLECs and the DOJ raise in this proceeding are misplaced and do not affect the ability of CLECs to compete. *First*, the DOJ and several commenters question whether Verizon has sufficient commercial experience with the BOS BDT bill. See, e.g., DOJ

Eval. at 14; AT&T at 52; WorldCom at 7-8. But Verizon has substantial experience in providing carrier bills to CLECs, about 70 percent of which continue to receive only the "end user" formatted paper bill that KPMG reviewed and validated. See McLean/Wierzbicki/Webster Reply Decl. ¶ 18. And Verizon implemented system enhancements to the BOS BDT bill over a period of several months before offering it as a bill of record to CLECs. The manual adjustment process that Verizon implemented now affects less than one percent of the total amount billed, and Verizon is working to eliminate even those minor issues. See id. ¶ 24. Moreover, PwC has independently tested the BOS BDT bills using an attestation standard, and found that those bills match the paper bills – which themselves were previously tested and found to be accurate – and not only found that those bills contain the information needed by CLECs to analyze their bills, but also performed their analysis using off-the-shelf software, available at any office supply store. See id. ¶ 23; Bluvol/Kumar Reply Decl. ¶ 8; Kansas/Oklahoma Order[4] ¶¶ 107-108; see also New York Order ¶ 89.

Second, criticisms of KPMG's test of the paper bill and of PwC's review of the BOS BDT bill are misplaced. WorldCom is the only CLEC to contest KPMG's test of the paper bill, claiming that KPMG's review is irrelevant because it was performed "when there was very little competition" in Pennsylvania. WorldCom at 5. As a factual matter, this is flatly incorrect. During the period in which KPMG tested Verizon's paper bills, CLECs obtained more than 350,000 ported numbers (indicating that they added at least that many lines over their own facilities), more than 28,000 UNE platforms, more than 70,000 stand-alone loops, more than

[4] Joint Application by SBC Communications Inc., et al., for Provision of In-Region, InterLATA Services in Kansas and Oklahoma, Memorandum Opinion and Order, CC Docket No. 00-217, FCC 01-29 (rel. Jan. 22, 2001), appeals pending, Sprint Communications Co. v. FCC, No. 01-1076 (and consolidated cases) (D.C. Cir.).

70,000 resold lines, more than 1,300 collocation arrangements, and more than 165,000 interconnection trunks.

Likewise, WorldCom (along with AT&T) also takes issue with PwC's review, arguing that PwC's validation of Verizon's system enhancements should be entitled to little weight because PwC merely examined whether the electronic bills match the paper bills, and did not evaluate the actual experience of CLECs with these bills. See AT&T at 53 & n.61; WorldCom at 5; see also DOJ Eval. at 9-10. But, as explained above, PwC did far more than simply compare the electronic and paper bills. It reviewed actual BOS BDT bills to CLECs, analyzed them using off-the-shelf software, and found that charges on the bills could be audited, validated, and recalculated. See Bluvol/Kumar Decl. ¶¶ 36-45; Bluvol/Kumar Reply Decl. ¶¶ 6-8.

Third, to the extent that CLECs complain about continued inaccuracies on their bills, the amounts at issue are not competitively significant. See, e.g., AT&T at 51; WorldCom at 4; ASCENT at 15-16; Z-Tel at 2, 7; CompTel at 4-5, 8-10. As noted above, PwC confirmed that manual adjustments to the BOS BDT bills are required for less than one percent of the total amount billed. See McLean/Wierzbicki/Webster Reply Decl. ¶ 24. Moreover, Verizon implemented additional system fixes in June, July, and August, which have further enhanced the accuracy of the BOS BDT bills. See id. ¶¶ 27, 34, 39. Although some CLECs complain that their paper bills are too voluminous to compare to their BOS BDT bills, see, e.g., WorldCom at 1-2; Covad at 20-21; CompTel at 8-9; see also DOJ Eval. at 11-12, about 70 percent of CLECs have chosen to receive only the paper bill. Moreover, for CLECs that have chosen the BOS BDT bill as their bill of record, there is no need for comparison to the paper bill, because it is the BOS BDT bill that is authoritative for billing purposes.

Moreover, while no billing system can ever completely eliminate all possible errors, actual commercial data demonstrate that Verizon's enhancements to its billing systems have reduced billing discrepancies to minuscule amounts. See McLean/Wierzbicki/Webster Reply Decl. ¶ 32. Significantly, this is true with respect to each of the specific issues identified by CLECs in their comments here. For example, the amount of incorrect taxes on bills – which was never very high to begin with – was almost nonexistent in May 2001 at less than 0.05 percent and 0.007 percent of Z-Tel's and WorldCom's respective total bills. See id. ¶¶ 25, 33-35. Likewise, by May 2001, the amount of interexchange carrier charges incorrectly appearing on UNE platform bills was reduced to less than 0.1 percent; in July 2001, Verizon implemented additional functionality to prevent even these limited charges from appearing on CLECs' bills. See id. ¶¶ 38-40. And Verizon's modifications to the manner in which Directory Advertising is billed have eliminated this potential source of error. See id. ¶ 39.

Fourth, established procedures are in place that allow CLECs to dispute billed amounts prior to payment and to receive credits for bills with errors. See, e.g., WorldCom at 7, 12; ASCENT at 17-18; see also DOJ Eval. at 11-13. CLECs may initiate a billing dispute at any time; indeed, one CLEC recently submitted a claim on a bill paid two years ago. See McLean/Wierzbicki/Webster Reply Decl. ¶¶ 45, 48. Moreover, CLECs (like Verizon's retail customers) are not required to pay a disputed amount until the dispute is settled with a determination that money is owed to Verizon. See McLean/Wierzbicki/Webster Reply Decl. ¶ 47. In fact, CLECs routinely pay less than the amount they owe and are currently withholding millions of dollars based on disputes that they have raised with charges on their carrier bills. See id. ¶ 47 & Att. 10. Finally, contrary to CLEC claims, when a billing issue is resolved in a

CLEC's favor, Verizon issues credits for *all* bills and *all* CLECs affected by that issue. See id. ¶ 46.

Fifth, as the Pennsylvania PUC found, Verizon's commitment to providing CLECs with accurate BOS BDT bills in the future "is bolstered by strong incentives (*i.e.*, increased remedies) imposed by the PAPUC." PUC Consultative Report at 50 n.146. Verizon's performance will be reported using new performance measurements specific to the electronic bills that use the same business rules that are in place in New York, Massachusetts, and Connecticut. See Guerard/Canny/DeVito Reply Decl. ¶ 14; McLean/Wierzbicki/Webster Reply Decl. ¶¶ 51-52.[5] Moreover, the PUC has established remedy payments specific to those new performance measurements that greatly exceed those in place for the paper bill and provide "strong incentives" for Verizon to continue to devote substantial resources to provide timely and accurate electronic bills to CLECs. PUC Consultative Report at 50 n.146; Guerard/Canny/DeVito Reply Decl. ¶ 14.[6] These measurements and remedies go well beyond what has been required in any other state that has been granted section 271 approval.[7]

[5] Although CLECs argue that these new measurements are somehow ineffective because they rely on CLECs to report problems with their electronic bills, see WorldCom at 7; ASCENT at 17-18, they have never suggested any viable alternative method, either in Pennsylvania, or in New York, Massachusetts, and Connecticut, where the same business rules apply. See Guerard/Canny/DeVito Reply Decl. ¶ 25; McLean/Wierzbicki/Webster Reply Decl. ¶ 53. The DOJ notes that the billing measurements "are not designed to reflect outstanding CLEC billing disputes," DOJ Eval. at 13-14, but the same is true of the New York, Massachusetts, and Connecticut billing measurements that the Commission has reviewed and approved.

[6] Although AT&T complains (at 54) that these remedies expire on December 31, 2001, all of Verizon's systems modifications will not only have been implemented by that time, but also will have been in place for at least three months. Both the PUC and this Commission will, therefore, have ample time to ensure that Verizon's recent modifications continue to work as expected before the special electronic billing remedies expire.

[7] CLECs' complaints about the new billing measurements appear to stem from Z-Tel's argument that a bill credit it received was never reflected in any performance report. See Z-Tel at 10; see also DOJ Eval. at 13 & n.53. Z-Tel is wrong. That credit did appear in the performance measurements in the month in which the credit was issued, but it was inadvertently

Daily Usage Files. In contrast to the carrier bills provided to CLECs, there is no serious dispute that Verizon's performance in providing the usage records that CLECs use to bill their own customers is excellent.[8] In the first six months of 2001, Verizon created more than *500 million* call records (i.e., Exchange Message Interface ("EMI") records) in Pennsylvania, which are the records that provide the billing details on the Daily Usage Files that Verizon provides to CLECs. See McLean/Wierzbicki/Webster Reply Decl. ¶ 58. Verizon also demonstrated that, from February through April 2001, it was exceeding the standards established by the PUC for providing DUF data on time and in an accurate manner. See McLean/Wierzbick/Webster Decl. ¶¶ 153, 155. The same was true in May and June 2001, with one exception. See McLean/Wierzbicki/Webster Reply Decl. ¶¶ 10-12. Although Verizon's performance fell slightly below the 95 percent benchmark for DUF timeliness in May 2001, this was a temporary phenomenon, and Verizon returned more than 97 percent of usage files on time in June 2001. See id. ¶ 12; Guerard/Canny/DeVito Reply Decl. Att. 1. Consequently, Verizon unquestionably satisfies its obligations in this respect.

B. Other Checklist Issues.

There are few disputes about the remaining checklist items. The comments here simply rehash the claims made during the state proceedings, which the Pennsylvania PUC exhaustively considered and rejected. The comments again fail to provide any sound reason for the Commission to overrule the PUC's painstaking review.

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included in the non-recurring charge completeness measurement (BI-8) rather than in the carrier bill accuracy measurement (BI-3). See McLean/Wierzbicki/Webster Reply Decl. ¶ 55; Guerard/Canny/DeVito Reply Decl. ¶ 26. Verizon has issued a change control to ensure that such credits appear in BI-3. See McLean/Wierzbicki/Webster Reply Decl. ¶ 55.

[8] As explained in the accompanying reply declaration, the few issues that are raised in the comments are misplaced. See McLean/Wierzbicki/Webster Reply Decl. ¶¶ 10-12.

1. Interconnection.

Interconnection Trunks. The Pennsylvania PUC concluded that Verizon "provides equal-in-quality interconnection on terms and conditions that are just and reasonable in accordance with the requirements of section[s] 251(c)(2) and 252(d)(1)." PUC Consultative Report at 44. According to the PUC, Verizon "designs its interconnection facilities to meet 'the same technical criteria and service standards' that are used for the interoffice trunks within its own network"; the trunks Verizon provides to competitors are "equal in quality to the interconnection it provides its own network"; Verizon "demonstrated continuous improvement in its ability to pass the metrics relating to its interconnection trunk performance"; and Verizon now "is providing a better grade of service in the aggregate for CLEC-dedicated final trunk groups than for its own common final trunk groups." Id. at 44-45.

The PUC's conclusions reflect the fact that Verizon has provisioned a massive number of interconnection trunks, and its performance has been excellent. As of April 2001, Verizon had provided CLECs with more than 370,000 interconnection trunks in Pennsylvania, which equals more than three-fourths of the total number of trunks in Verizon's entire interoffice network. See Application at 18. Through the end of June 2001, Verizon has provisioned more than 417,000 interconnection trunks. See Lacouture/Ruesterholz Reply Decl. ¶ 105. On average, these trunks carry more than more than 1.8 billion minutes per month, and no CLEC claims that it has experienced blockage on its trunks.

No party takes issue with any part of Verizon's performance in providing interconnection trunks to CLECs. Nonetheless, two of the long distance incumbents (Sprint and WorldCom) complain about a proposal made by Verizon in an ongoing arbitration for apportioning the costs imposed by those carriers' choice of network design – a proposal known as "virtual geographically relevant interconnection points" ("VGRIPs"). They claim that this proposal would somehow violate the requirement that Verizon provide CLECs with a single point of interconnection. See Sprint at 2-8; WorldCom at 30-31. They are wrong.

First, the simple fact is that Verizon's proposal is currently pending before the PUC in ongoing arbitration proceedings. Those proceedings, not this one, are the appropriate fora for addressing their claims. Indeed, both the PUC and this Commission are in agreement that the long distance incumbents' arguments "are more appropriately to be addressed in arbitration proceedings" that are currently underway. PUC Consultative Report at 47; see New York Order ¶ 76; see also Kansas/Oklahoma Order ¶ 234 (declining to review similar complaint about analogous SWBT proposal because it was at issue in ongoing arbitration).[9]

Second, neither of these parties denies that Verizon permits CLECs to select a single physical point of interconnection in a LATA, nor could they. The Pennsylvania PUC expressly found that "Verizon PA provides interconnection at all technically feasible points" and "has existing interconnection agreements that permit competing carriers to interconnect at a single point on Verizon PA's network." PUC Consultative Report at 47.

Third, because of this, the long distance incumbents are left to argue weakly that, if Verizon's proposal were adopted, they "in effect" would be denied a single point of interconnection. Again, they are simply wrong. Under Verizon's proposal, these carriers would unquestionably be allowed to choose a single physical point of interconnection in a LATA. The only issue is how to apportion the cost imposed by these carriers' choice of network design – that

[9] In addition, the Commission has initiated a rulemaking proceeding to address this matter, which is better suited to resolving an issue with industry-wide consequences than a section 271 proceeding. See Developing a Unified Intercarrier Compensation Regime, Notice of Proposed Rulemaking, CC Docket No. 01-92, FCC 01-132, ¶¶ 72, 112-114 (rel. Apr. 27, 2001); see also Kansas/Oklahoma Order ¶ 19 (section 271 proceedings "are often inappropriate forums for the considered resolution of industry-wide local competition questions of general applicability").

is, whether they can foist all the costs of their choice off on another carrier as they propose. That is a separate question altogether that, as noted above, is pending before the Commission in ongoing rulemaking proceedings. See Lacouture/Ruesterholz Reply Decl. ¶¶ 108-110. While the Commission has yet to resolve this matter directly, see Connecticut Order ¶ 45; Kansas/Oklahoma Order ¶ 234, it did hold in the Local Competition Order[10] that a CLEC requesting "expensive interconnection would . . . be required to bear the cost of that interconnection." Local Competition Order ¶ 199. And, as several state commissions have held, a CLEC should be required to pay for the facilities necessary to transport calls from distant calling areas to its chosen single point of interconnection.[11] Any other result would be inefficient and anticompetitive, and would produce precisely the type of regulatory arbitrage that the Commission sought to prevent in its recent reciprocal compensation order.[12]

Collocation. As with interconnection trunks, the PUC concluded that Verizon "has demonstrated that its collocation offering satisfies the requirements of section[s] 271 and 251 of

[10] Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, 11 FCC Rcd 15499 (1996) ("Local Competition Order") (subsequent history omitted).

[11] See, e.g., Arbitration of Interconnection Agreement Between AT&T Communications of the Southern States, Inc., and TCG of the Carolinas, Inc., and BellSouth Telecommunications, Inc., Pursuant to the Telecommunications Act of 1996, Order at 7-15, Docket No. P-140, Sub 73 & P-646, Sub 7 (N.C. Utils. Comm'n Mar. 9, 2001) (ILEC "should not be required to deliver free of charge its local traffic outside the local service area in which the call originates"), aff'd, Order at 3-5, Docket No. P-140, Sub 73 & P-646, Sub 7 (N.C. Utils. Comm'n June 21, 2001); Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Interconnection Agreement with BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. Section 252, Order on Arbitration at 19, 22-28, Docket No. 2000-527-C (S.C. Pub. Serv. Comm'n Jan. 30, 2001) ("it would be neither equitable nor fair for this Commission to permit [the CLEC] to shift costs to BellSouth as a result of [the CLEC's] network design").

[12] Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Order on Remand and Report and Order, CC Docket No. 96-98, FCC 01-131 (rel. Apr. 27, 2001).

[the Act]." PUC Consultative Report at 46. It found that "[t]he multiple collocation options and alternatives offered by Verizon PA are essentially, with minimal variations, identical to the options offered by Verizon New York and Verizon Massachusetts and already approved by the FCC in prior section 271 decisions." Id. It also determined that "the standard operating procedures used by Verizon PA to provide collocation are essentially the same operating procedures used by Verizon NY." Id.

From February through April 2001, Verizon completed 100 percent of its physical collocation arrangements on time. See Lacouture/Ruesterholz Decl. ¶ 46. And, in May and June, Verizon met the applicable interval 100 percent of the time for the physical collocation arrangements, and nearly 95 percent of the time for the collocation augments, that it provided to CLECs during that period. See Lacouture/Ruesterholz Reply Decl. ¶ 113.

Not surprisingly, the only collocation-related comments merely rehash issues that have long since been addressed.[13] Specifically, Sprint complains that Verizon double charges for collocation power by charging on a "per feed" basis rather than the power "actually drain[ed]." Sprint at 20 (emphasis omitted). But even Sprint concedes (at 21) that Verizon's tariff has been

[13] As Verizon explained in its Application, it has already taken steps to address the few issues regarding its collocation practices that were identified in the audit that Arthur Andersen recently conducted in connection with the Bell Atlantic/GTE merger conditions. See Lacouture/Ruesterholz Decl. ¶¶ 86-96; see also Lacouture/Ruesterholz Reply Decl. ¶¶ 121-124. Although Covad continues to complain (at 15-16) about the findings of this audit, the Commission has made clear that this is not the appropriate proceeding in which to address those issues. See Kansas/Oklahoma Order ¶ 229 n.676 (rejecting similar complaint based on audit of SWBT's collocation performance).

In addition, Sprint asserts (at 23), without substantiation, that Verizon has "attempt[ed] to impose collocation duties on Sprint." Although Verizon has requested in an ongoing arbitration the ability to collocate at Sprint's switch centers in order to meet its obligation to interconnect with Sprint, it has never taken the position that the 1996 Act imposes collocation duties on Sprint. See Lacouture/Ruesterholz Reply Decl. ¶¶ 117-118. In any event, as the Commission has made clear, that arbitration, and any subsequent litigation under section 252, are the proper fora for the resolution of this matter. See, e.g., New York Order ¶ 76.

amended to charge for power based on the quantity of load amps that a CLEC requests, rather than on the quantity of fused amps. This is the same practice that the Commission recently found "just, reasonable, and nondiscriminatory." Massachusetts Order ¶ 199. Moreover, although Sprint complains about the new audit and penalty provisions in Verizon's tariff, those provisions are both necessary and reasonable to ensure that CLECs do not game the tariff by using more power than they have actually ordered. See Lacouture/Ruesterholz Decl. ¶ 85. In any event, Sprint and Covad have already challenged those provisions before the Pennsylvania PUC, which has temporarily suspended those provisions pending further investigation. See id.; see also Lacouture/Ruesterholz Reply Decl. ¶¶ 117-118. That proceeding, not this one, is clearly the appropriate forum in which to address Sprint's claims.[14]

2. Unbundled Network Elements.

The PUC found that Verizon provides access to unbundled loops, unbundled local transport, unbundled local switching, and network element combinations in a timely and nondiscriminatory manner, and that Verizon's performance on each of these items fully satisfies the checklist. See PUC Consultative Report at 71 (combinations), 161 (loops), 172 (transport), 180 (switching). CLECs raise very few challenges to these findings.

a. Stand-Alone Voice-Grade Loops.

Verizon demonstrated in its Application that it is providing large volumes of stand-alone loops to competitors, and that its performance has been excellent. No commenter takes issue with any part of this showing. In fact, the only commenter that raises any issues at all is the trade

[14] For the same reason, there is no basis for the Commission to consider here WorldCom's complaint (at 31) that Verizon has petitioned the PUC to reconsider the collocation intervals that it has established. Those intervals – which are shorter than those that the Commission previously found satisfy the checklist, see Application at 21 n.24 – are the subject of a pending proceeding.

association for resellers (ASCENT), which do not use unbundled loops. And ASCENT merely points out (at 21) that Verizon's reported installation quality measurements in May 2001 show a disparity between Verizon's wholesale and retail performance. But, as Verizon demonstrated in its Application, the existing measurement in Pennsylvania, on which ASCENT bases its claim, is flawed, which is why a revised measurement was adopted in New York, and why all CLECs have agreed that the same revision should be made in Pennsylvania. When Verizon's performance is calculated under this new measurement, the results are at parity. See Lacouture/Ruesterholz Reply Decl. ¶ 9.

b. Hot Cuts.

Verizon's Application also demonstrated that its hot-cut performance was excellent, and again no party challenges any part of that showing. Nonetheless, the resellers' trade association claims (at 21) that, in May 2001, the average completion interval for hot cuts provided to CLECs was longer than for the reported retail analog. But the Commission itself has recognized that there is no retail analog for hot cuts. See New York Order ¶ 291. Moreover, as Verizon demonstrated in its Application, the retail comparison for the average completion interval that is used in the Pennsylvania performance reports is particularly inappropriate because it compares hot cuts for CLECs to a group of retail orders that have much shorter standard intervals than hot cuts. See Lacouture/Ruesterholz Decl. ¶¶ 136-137; Gertner/Bamberger/Bandow Decl. ¶¶ 14-15; Lacouture/Ruesterholz Reply Decl. ¶ 17. When Pennsylvania adopts the New York measurement, there will be no retail analog for this measurement. See Lacouture/Ruesterholz Reply Decl. ¶ 18.[15] And the simple fact is that, from February through June 2001, Verizon has

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[15] In fact, under the New York Guidelines, there is neither a benchmark nor a parity standard; the measurement is for diagnostic purposes only. See Lacouture/Ruesterholz Reply Decl. ¶ 18.

provided hot cuts on time and no party – not even the trade association for resellers, which do not use hot cuts – suggests otherwise. See id. ¶¶ 15, 18.

c. DSL-Capable Loops.

Verizon's overall performance in providing DSL-capable loops to competitors has been excellent, and no commenter seriously disputes this fact. The commenters instead raise issues with respect to a few isolated performance measurements, or resort to challenging the efficacy of the measurements themselves.[16] As demonstrated below, however, their claims do not withstand scrutiny.

Pre-Ordering. The PUC found that, "[i]n Pennsylvania, Verizon PA is providing CLECs with the exact same underlying information that it has made available and will make available to CLECs operating in Massachusetts." PUC Consultative Report at 134. In Massachusetts, the Commission found that Verizon provides "nondiscriminatory access to OSS pre-ordering functions associated with determining whether a loop is capable of supporting xDSL advanced technologies." Massachusetts Order ¶ 60.

Covad nonetheless rehashes its twice-rejected claim (at 17) that Verizon's current method for providing access to LFACS does not enable it to obtain electronic real-time access to this system. But the Commission specifically found that, "contrary to Covad's assertions, . . . Verizon's offering for LFACS loop make-up information complies with the checklist." Id. ¶ 61; Connecticut Order ¶ 54; McLean/Wierzbicki/Webster Decl. ¶¶ 56-60. And, although Covad now criticizes the Commission for "ignor[ing]" Covad's claims in reaching that decision,

[16] Covad also rehashes its prior claim that Verizon has not complied with the unbundled loop discount provisions in the Bell Atlantic/GTE Merger Order. 15 FCC Rcd 14032 (2000); see Covad at 21-22; see also CompTel at 22. But those claims have nothing to do with any section 271 requirements, and the Commission's Enforcement Bureau already rejected Covad's request to file a complaint under the accelerated docket process based on the same unfounded claims. See Lacouture/Ruesterholz Reply Decl. ¶ 179 & Att. 49.

Covad at 17, it again offers no new evidence to suggest that the Commission's decision was wrong. See Connecticut Order ¶ 54.

Provisioning. Through June 2001, Verizon has provided approximately 16,800 DSL-capable loops to competing carriers in Pennsylvania. See Lacouture/Ruesterholz Reply Decl. ¶ 45. And, in doing so, Verizon's performance has consistently met the standards for all the measurements that this Commission has primarily relied upon in the past. See id. ¶¶ 49-52; see also Connecticut Order ¶ 19.

First, Verizon is consistently meeting its installation appointments for unbundled DSL loops. For example, from February through April 2001, Verizon met more than 97 percent of its installation appointments for CLECs in Pennsylvania, and in May and June it met more than 98 percent of such appointments. See Lacouture/Ruesterholz Decl. ¶ 169; Lacouture/Ruesterholz Reply Decl. ¶ 50. No CLEC challenges any aspect of Verizon's performance under this measurement.

Second, Verizon's average completion interval for unbundled DSL loop orders was shorter than the standard six-day interval from February through April 2001, and the same was true in May and June. See Lacouture/Ruesterholz Decl. ¶ 171; Lacouture/Ruesterholz Reply Decl. ¶ 52.[17] Unable to challenge Verizon's performance, Covad instead complains about the measurement itself.[18] In particular, Covad claims (at 6, 8) that the measurement excludes many

[17] NAS claims (at 5) that Verizon took longer to provision loops to NAS in April and May 2001 than the standard six-day interval. This, of course, says nothing about Verizon's aggregate performance for all CLECs. In any event, NAS does not follow the business rules in calculating its average completed interval. See Lacouture/Ruesterholz Reply Decl. ¶¶ 57-58. Calculated correctly, Verizon's average completed interval for NAS's DSL loop orders in May was less than six days. See id. ¶ 58.

[18] Covad suggests (at 4 n.2) that it is unable to contest Verizon's performance because Verizon did not provide Covad with the raw data until July 9, at which point Covad did not have adequate time to review it. Covad, however, received Verizon's raw data from January through

of the loop orders that Verizon provisions to CLECs in a given month. But the business rules for this measurement were agreed to by CLECs in the New York DSL collaborative and were adopted in Pennsylvania following a stipulation between Verizon and other parties, including Covad. See DSL Metrics Order[19] at 2 & n.2; Connecticut Order ¶ 20 (rejecting similar Covad complaint).[20] Moreover, the reason CLECs have agreed to certain exclusions for this measurement is because there are many orders that Verizon cannot provision within a certain period of time for reasons that are completely outside of Verizon's control. See, e.g., New York Order ¶¶ 285, 288 (noting that average installation intervals for unbundled loops are affected by "factors outside of [Verizon's] control"); Massachusetts Order ¶ 92 (same).[21] And this

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March as part of the Pennsylvania PUC's Commercial Availability Review. Covad did not receive April and May data until July 9 because it did not submit a request for that data until June 29, 2001 – over a month after the April performance report was released. Verizon expedited its response to that request and sent Covad the requested data four business days later. See Guerard/Canny/DeVito Reply Decl. ¶ 29. Covad received raw data for June on July 25, 2001, when June performance reports were issued, as did the three other CLECs that requested such data. See id.

[19] Consultative Report on Application of Verizon Pennsylvania, Inc. for FCC Authorization to Provide In-Region, InterLATA Service in Pennsylvania; Joint Petition of NEXTLINK, et al., DSL Metrics Order, Docket Nos. M-00001435 & P-00991643 (Pa. Pub. Util. Comm'n Feb. 22, 2001) (App. B, Tab A-2).

[20] To demonstrate that Verizon is properly applying these business rules to Covad orders, a list of its orders in the month of May 2001 that identifies which orders were excluded from this measurement and the business rule under which those orders were excluded accompanies this filing. See Lacouture/Ruesterholz Reply Decl. ¶ 54 & Att. 20.

In developing its response to Covad's claims, Verizon did discover a system programming error that caused some orders to be excluded from the calculation of interval measures where the CLEC had requested the standard interval. See id. ¶ 55. Including these inadvertently excluded orders does nothing to change the conclusion that Verizon's performance is excellent. See id. ¶ 56 & Att. 19. For example, performance for PR-2-02 (average completion interval) for May 2001 improved slightly to 5.81 days from 5.82 days, even though an additional 152 orders were included in the measurement. See id. ¶ 56.

[21] Covad's principal complaint about the exclusions from the metrics involves so-called facilities misses. See Covad at 11-12. But, as Verizon previously has explained, and CLECs have agreed, failing to exclude these orders would penalize Verizon for undertaking steps, which

measurement is the same one that the Commission has endorsed in Connecticut and Massachusetts. See Connecticut Order ¶ 18; Massachusetts Order ¶¶ 139-140.

Third, Verizon's performance continues to be strong in meeting both the six-day interval for unbundled DSL loops that have been pre-qualified and the nine-day interval for unbundled DSL loops where a CLEC has requested a manual loop qualification. In May and June 2001, Verizon completed approximately 95 and 99 percent of CLEC DSL loop orders within the respective six-day and nine-day intervals. See Lacouture/Ruesterholz Reply Decl. ¶ 59; Guerard/Canny/DeVito Decl. Att. 1. The Commission, however, has specifically declined to rely on these measurements before, see Massachusetts Order ¶ 141 & n.440; see also Connecticut Order ¶ 19, and there is no reason for it to do so now.

Installation Quality. Verizon demonstrated in its Application that it provides unbundled DSL-capable loops to competing carriers that are equal in quality to the loops used for Verizon's retail DSL services. In particular, Verizon demonstrated that when the I-code rate is calculated under the new business rules agreed to by the CLECs in the Carrier Working Group, the results demonstrate parity. See Application at 30-31; Lacouture/Ruesterholz Decl. ¶ 181. And that continues to be the case. See Lacouture/Ruesterholz Reply Decl. ¶ 65.

Covad nonetheless claims (at 8) that Verizon's performance is inadequate, relying on the I-code rate reported under the flawed business rules that CLECs already have agreed to modify. See Lacouture/Ruesterholz Reply Decl. ¶¶ 65-66.[22] But the simple fact is that Verizon's

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it is not required to take, in an effort better to serve its wholesale customers. See Lacouture/Ruesterholz Reply Decl. ¶ 54.

[22] NAS (at 2) similarly ignores that Verizon has recalculated its I-code rate to include I-codes from all CLECs, and that doing so shows that Verizon provides CLECs with better than parity performance. See Lacouture/Ruesterholz Reply Decl. ¶¶ 65-69. NAS's complaints with respect to Verizon's conducting of cooperative testing and removal of half ringers are also misleading. See id. ¶¶ 70-72.

performance under the agreed-upon new business rules demonstrates parity, see Application at 30-31; Lacouture/Ruesterholz Decl. ¶ 181; Lacouture/Ruesterholz Reply Decl. ¶ 65, and the Commission has held that relying on these new business rules is entirely appropriate, see Massachusetts Order ¶ 146 & n.456. In addition, the results are even better than parity when the fact that some CLECs do not properly perform acceptance testing (therefore resulting in unnecessary I-codes) is taken into account. See Application at 31; Massachusetts Order ¶ 145 (noting that adjustments to I-code performance data are justified to account for CLEC failure properly to perform acceptance testing). And this adjustment is especially warranted given that, as Verizon has previously explained, several CLECs – including Covad – have admitted submitting I-codes for loops that they knew were not suitable for the services that they sought to provide, or due to the fact that they employed inexperienced technicians.[23] These practices have more recently been confirmed by the sworn testimony of a score of former Covad employees. See App. B, Tab BB-8.

In the face of all this, Covad resorts yet again to quibbling with the measurement, claiming that it should not exclude reported troubles on which there is "no trouble found" – that is, instances where a CLEC reports trouble on a line, but Verizon, after investigation, is unable to find any such trouble. See Lacouture/Ruesterholz Reply Decl. ¶¶ 66-68.[24] But the CLECs

[23] Although Covad contends that the Massachusetts DTE validated its trouble ticket complaints, see Covad at 9, the dispute before the DTE was whether acceptance testing, if done properly, would have discovered the troubles found on the line, not whether Verizon had miscoded Covad's tickets as "no trouble found." See Massachusetts Order ¶¶ 145, 147. Covad also claims that Verizon coded nine trouble tickets as "no trouble found" even though seven of those tickets were supposedly legitimate troubles. See Covad at 9. In fact, those tickets involved line sharing, not DSL, and were from the seven original Bell Atlantic states, not "from New York" as Covad claims. See Lacouture/Ruesterholz Reply Decl. ¶ 96. In addition, Verizon reported to Covad its findings that only one of those nine tickets had a legitimate trouble. See id.

[24] Covad incorrectly asserts that the repeat trouble ticket measurements exclude tickets that are coded "no trouble found." Covad at 10. In fact, if the first ticket on a loop is coded "no

themselves, the PUC, various other state commissions, and this Commission have all found that the exclusions in this measurement are appropriate.

d. Line Sharing.

Verizon demonstrated in its Application that it is providing line sharing in Pennsylvania through substantially the same systems and processes that it uses in Massachusetts, and which the Commission found meet the requirements of the Act. See Application at 33-34; Massachusetts Order ¶ 165. Through June 2001, Verizon has provided more than 60,000 line-shared loops for CLECs, including Verizon's separate data affiliate ("VADI"), and its performance continues to be excellent. In fact, the PUC concluded that Verizon met the performance standards for all of the line sharing measurements. See PUC Consultative Report at 154-61. Not a single CLEC disputes that here.[25]

Covad nonetheless rehashes the allegation it made in the state proceeding that Verizon was not ready to provide line sharing by the Commission's June 6, 2000 deadline. While Covad's claims are wrong, see Lacouture/Ruesterholz Reply Decl. ¶¶ 98-101, they are also irrelevant. As Covad itself concedes (at 13), Verizon is providing line sharing today, and all of the collocation-augment work that Verizon has performed for Covad is complete and accurate. As the Commission previously held, that is all that matters. See Connecticut Order ¶ 24.

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trouble found," and if a CLEC submits another ticket and a trouble is found, that second ticket is scored as a repeat trouble. See Lacouture/Ruesterholz Reply Decl. ¶ 79.

[25] While Covad again criticizes the line sharing measurements for permitting too many exclusions, see Covad at 4, 14, those exclusions were agreed to by CLECs in the Carrier Working Group. See Lacouture/Ruesterholz Reply Decl. ¶ 87 & Att. 34.

As explained above, in developing its response to Covad's claims, Verizon did discover a system programming error that caused certain unbundled DSL loop orders to be excluded from the relevant measurements. See supra note 20. That error also affected the line sharing interval measurements. See Lacouture/Ruesterholz Reply Decl. ¶ 85. When these additional orders are included, however, Verizon's performance remains strong. See id. ¶ 84.

e. High-Capacity Loops.

Verizon demonstrated in its Application that, while high-capacity loops make up a tiny fraction of all unbundled loops that it provides to competitors in Pennsylvania, Verizon's performance in providing such loops has been strong. In fact, through the end of June 2001, Verizon has provisioned about 700 high-capacity loops in Pennsylvania, which is only 0.16 percent of all the loops it has provided there. See Lacouture/Ruesterholz Reply Decl. ¶ 19. While the reported installation performance for high-capacity loops is skewed because it includes orders that Verizon could not complete on time because facilities were not available, when those factors are taken into account Verizon's performance is very good. Id. ¶¶ 22-24, 28-29. Moreover, as the PUC concluded, "the relatively small number of misses and the lack of substantial commercial activity here do not warrant a conclusion that there is a barrier to local competition in this area." PUC Consultative Report at 160. The Commission has reached the same conclusion. See Connecticut Order ¶ 26 n.66 (holding that "disparities in and of themselves are [not] enough to render a finding of checklist noncompliance because of the small numbers of DS-1 and DS-3 loops requested by competing carriers"); Massachusetts Order ¶ 156 n.495 (same).[26]

Finally, a few CLECs complain that Verizon will construct high-capacity loop facilities for customers who order special access service, even where such facilities are unavailable as unbundled network elements. See Broadslate at 7; Cavalier at 1-2.[27] Their complaints are

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[26] Broadslate also complains (at 6-7) about Verizon's policy of issuing a firm order confirmation, or FOC, prior to first determining whether facilities are available to provision the CLEC's order. But, as all CLECs are aware, a FOC is merely a confirmation that Verizon has received an order and will begin the process of provisioning. It is not, as Broadslate implies, a guarantee that facilities are available.

[27] A few CLECs nonetheless argue that it is inappropriate to exclude facilities misses. See Capsule at 4-5; Broadslate at 5-6. It is not appropriate to count facilities misses against

fundamentally misguided. The Act requires Verizon to unbundle the existing elements in its network. It does not require Verizon to build new facilities for CLECs.[28] Verizon fully satisfies that obligation. In fact, it routinely goes beyond what the Act requires by taking extra steps to make facilities available, such as where construction is already planned or underway. Ironically, it is precisely these efforts to accommodate its wholesale customers that skew the reported installation measures. See Lacouture/Ruesterholz Reply Decl. ¶¶ 35-37. In contrast, under its special access tariffs, Verizon has discretion to construct facilities if doing so is consistent with Verizon's current design practices and with its current construction program. See id. ¶ 39. But that does not mean that Verizon can be converted into a construction company for other carriers, which have the same ability to construct their own facilities.

f. Dark Fiber.

No CLEC complains about Verizon's performance in providing dark fiber, but they instead rehash claims made in the state proceedings or in pending arbitration proceedings regarding Verizon's policies for making dark fiber available. As demonstrated below, those claims are without merit.

Verizon because these are situations where, rather than reject the order (as it is entitled to do), Verizon takes additional steps to make facilities available that inevitably increase the completion interval. See Lacouture/Ruesterholz Decl. ¶ 143. Those same CLECs also complain about Verizon's performance in providing special access services. See Capsule at 7; Broadslate at 11-12. As the Commission has held, however, special access services have nothing to do with the checklist. See New York Order ¶ 340; Massachusetts Order ¶ 211.

[28] See, e.g., Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, 15 FCC Rcd 3696, ¶ 324 (1999) ("we do not require incumbent LECs to construct new transport facilities to meet specific competitive LEC point-to-point demand requirements for facilities that the incumbent LEC has not deployed for its own use") ("UNE Remand Order"); Local Competition Order ¶ 451 ("we expressly limit the provision of unbundled interoffice facilities to *existing* incumbent LEC facilities").

For example, Sprint repeats the claims that Cavalier made in the state proceedings regarding Verizon's policies of ensuring at the time a CLEC submits a collocation request that dark fiber will still be available when the collocation arrangement is completed. See Sprint at 10-12. Cavalier has since stipulated, however, that Verizon provides dark fiber in accordance with the requirements of the Act, see Lacouture/Ruesterholz Decl. ¶ 290, and the PUC found that Verizon "has adequately addressed Cavalier's complaints regarding the provisioning of dark fiber," PUC Consultative Report at 169. The trial that Verizon and Cavalier have implemented is proceeding on schedule, and Verizon anticipates that, in the near future, it will be able to offer a service that will enable Cavalier (and other CLECs) to request collocation and dark fiber contemporaneously. See Lacouture/Ruesterholz Reply Decl. ¶ 129.

One other carrier that did not participate in the state proceedings and, therefore, did not raise any issues there, complains to this Commission about several proposals made by Verizon that are currently before the PUC in an arbitration proceeding. See Yipes at 3, 7-11, 12-15. While those proposals are all well founded and should be adopted by the PUC, they are irrelevant here. See Lacouture/Ruesterholz Reply Decl. ¶¶ 131-135, 137. As the Commission previously has held, such issues "are best resolved through the section 252 negotiation and arbitration process," not in the context of a long distance application under section 271. Kansas/Oklahoma Order ¶ 230; see New York Order ¶ 76.

Yipes also argues (at 14) that, because a 1996 order of the Massachusetts DTE required Verizon to provide access to dark fiber at splice points, it also must do so in Pennsylvania under the so-called "Best Practices" requirement in the UNE Remand Order. This issue too is currently pending in the ongoing arbitration and must be resolved there. See UNE Remand Order ¶ 227; Kansas/Oklahoma Order ¶ 230; New York Order ¶ 76. And Yipes is simply wrong. It ignores the fact that the UNE Remand Order itself expressly excluded splice points from the definition of technically feasible points for accessing dark fiber. See UNE Remand Order ¶ 206 & n.395 ("Accessible terminals . . . differ from splice cases, which are inaccessible because the case must be breached to reach the wires within."). That determination controls. In any event, since the DTE released its order in 1996, no CLEC has ever sought or obtained access to dark fiber at a splice point, and there is no evidence that such access is now technically feasible. See Lacouture/Ruesterholz Reply Decl. ¶ 136; see also UNE Remand Order ¶ 227.

g. Other UNEs and Combinations of UNEs.

Verizon's performance in provisioning other UNEs and combinations of UNEs also continues to be strong. See Application at 39-44. No party takes issue with the access Verizon provides to subloops or network interface devices, and the Pennsylvania PUC found that Verizon satisfied this checklist item. See PUC Consultative Report at 161.

The Pennsylvania PUC likewise found that Verizon provides shared and dedicated transport in compliance with the checklist. See id. at 172. In particular, Verizon continues to provide nondiscriminatory access to unbundled dedicated transport and to IOF transport circuits, although CLEC demand for such transport remains low. Verizon provisions a small number of orders for dedicated transport each month, and as of June 2001 has in service 1,500 dedicated transport arrangements. See Lacouture/Ruesterholz Reply Decl. ¶¶ 125-126. Despite the low volumes, Verizon's provisioning continues to be excellent. In May and June, Verizon's average installation interval for IOF transport circuits improved to 17.64 days and its missed appointment rate also improved, to 10.6 percent. See id. ¶¶ 126-127; Guerard/Canny/DeVito Reply Decl. Att. 1. Verizon's provisioning of loop and transport combinations also continues to be strong, with the average interval completed remaining constant over the past three months even though order volumes, while still low, have been rising. See Lacouture/Ruesterholz Reply Decl. ¶ 157; Guerard/Canny/DeVito Reply Decl. Att. 1; Guerard/Canny/DeVito Decl. Att. 1.

Likewise, Verizon provisioned an additional 27,000 UNE platforms in May and June 2001 to add to the 220,000 that it provided previously. See Lacouture/Ruesterholz Reply Decl. ¶ 152. Verizon continues to provision 99 percent of its UNE platform orders on time. See id. ¶ 153. Moreover, the quality of the UNE platforms Verizon provides continues to be excellent. The I-code rate for UNE platforms has exceeded parity for each of the past five months, with CLECs submitting troubles within 30 days of installation on 1.62 percent of their lines, as compared to 1.78 percent of Verizon's retail lines. See id. ¶ 154; Guerard/Canny/DeVito Reply Decl. Att. 1; Guerard/Canny/DeVito Decl. Att. 1.

3. White Pages Directory Listings.

In its Application, Verizon demonstrated that it provides access to its white pages directory listings in Pennsylvania in substantially the same manner as this Commission approved in Massachusetts and New York, see Application at 47, and that extensive procedures are in place to ensure that directory listings of CLEC customers are included in Verizon's database on an accurate, reliable, and non-discriminatory basis, see id. at 48; Lacouture/Ruesterholz Decl. ¶¶ 379, 381-382. Through the end of June, Verizon has provided over 500,000 basic white pages listings for CLECs. Based on its own exhaustive review of Verizon's processes and procedures, the PUC found that Verizon's provisioning of white pages directory listings "has met checklist compliance at this time." PUC Consultative Report at 209.

The only parties that challenge this conclusion here are the same two CLECs that complained about the accuracy of Verizon's directory listings in the state proceedings (XO and CTSI). In doing so, however, they merely repeat the same claims that the PUC has carefully considered and rejected. For example, while they claim yet again that a small number of listings